

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

Senate Bill 813 (Senator Pipkin)
Education, Health, and Environmental Affairs

Education - Scholarship Program for Children with a Disability

This bill establishes a Scholarship Program for Children with a Disability that allows the parent or guardian of a child with a disability to enroll the child in a qualifying private school and receive up to \$3,000 towards the cost of tuition at the school. A scholarship may not be refunded, rebated, or shared with the child or the child's parent or guardian. A child with a disability may participate in the program until graduation from high school or until turning age 21, whichever comes first. Total State expenditures for scholarship payments may not exceed \$150,000 in any fiscal year.

The bill takes effect July 1, 2008.

Fiscal Summary

State Effect: General fund expenditures would increase by an estimated \$240,800 in FY 2009 to pay for scholarships and the administration of the new program. Future year expenditure estimates reflect ongoing costs of \$150,000 per year for scholarships and regular salary increases and inflation in the administrative costs. If students who would otherwise attend public schools participate in the program, there would be an offsetting reduction in general fund expenditures for education aid beginning in FY 2010 due to decreases in public school enrollments. Revenues would not be affected.

(in dollars)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	240,800	233,500	237,500	241,700	246,100
Net Effect	(\$240,800)	(\$233,500)	(\$237,500)	(\$241,700)	(\$246,100)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: Assuming students with disabilities who currently attend private schools would get priority for program participation, State aid to public school systems would not be affected.

Small Business Effect: Minimal. In total, qualifying Maryland private schools could receive up to \$150,000 annually in public funds to educate students with disabilities.

Analysis

Bill Summary: To participate in the program, a private school must hold a valid certificate of approval from the Maryland State Department of Education. A participating school may accept eligible students on a first-come, first-served basis until all available slots at the school have been filled. If a school is oversubscribed, it may give preference to a child who had previously enrolled in the school. When a private school accepts a child under the program, it must promptly notify the local board of education in the child's home school district and the local board must promptly provide the private school with a complete copy of the child's educational records.

MSDE must adopt regulations to implement the bill.

Current Law: The State does not provide funding for students to attend private schools.

Background: Scholarship or school voucher programs targeted to specific student populations have been implemented in the District of Columbia and seven states – Arizona, Florida, Maine, Ohio, Utah, Vermont, and Wisconsin. Some of the programs provide vouchers to low-income or special education students, while other programs make vouchers available to students in struggling schools or to foster care children. All of the voucher programs operating in the United States target a specific subset of the general student population.

Special education students whose needs cannot be adequately met in regular public schools are enrolled in nonpublic schools approved by MSDE. The State and local governments share in the costs of these placements, which are often very expensive. The proposed fiscal 2009 State budget includes \$127.6 million for nonpublic special education placements.

State Expenditures: General fund expenditures would increase by an estimated \$240,836 in fiscal 2009, which accounts for the bill's July 1, 2008 effective date. The estimate reflects the cost of hiring an education specialist at MSDE to implement and oversee the Scholarship Program for Children with a Disability. The estimate includes the maximum State contribution to scholarships (\$150,000), as well as a salary, fringe benefits, program start-up costs, and ongoing operating expenditures. The information and assumptions used in calculating the estimate are stated below.

- It is assumed that the program would be limited to 50 participating children each year, each of whom would receive a \$3,000 scholarship to attend a qualifying private school. If a greater number of participants are involved in the program, additional MSDE staff could be required.
- In the 2006-2007 school year there were approximately 1,500 parentally placed students with disabilities in private schools. Due to the provision in the bill that allows private schools to give preference to students already enrolled in the schools, it is assumed that 50 of these students would participate in the program.

Salaries and Fringe Benefits	\$79,196
Scholarships	150,000
Start-up and Operating Expenses	<u>11,640</u>
Total FY 2009 State Expenditures	\$240,836

Future year expenditures reflect • \$150,000 annually for scholarships; • a full salary with 4.4% annual increases and 3% employee turnover; and • 2% annual increases in ongoing operating expenses.

As stated above, it is assumed that the students who initially participate in the program are already attending private schools; therefore, public school enrollments would not decrease. However, if students previously attending public schools receive scholarships, general fund expenditures for State aid to education could decrease beginning in fiscal 2010. The annual expenditure reduction that could be realized through the subtraction of 50 students with disabilities from the public school enrollment counts is estimated at \$340,000. This would more than offset the cost of the new scholarship program.

The bill is not clear whether the program would be considered an entitlement for 50 participating students per year. If it is considered an entitlement, funding for the program would be mandated.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Department of Education, Department of Disabilities, Department of Legislative Services

Fiscal Note History: First Reader - March 9, 2008
ncs/rhh

Analysis by: Mark W. Collins

Direct Inquiries to:
(410) 946-5510
(301) 970-5510